

ZIONS BANCORPORATION

June 22, 2015

Laurie A. Rea
Director, Office of Secondary Market Oversight
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Via Electronic Mail to reg-comm@fca.gov

Re: Proposed Rule: “Federal Agricultural Mortgage Corporation General Provisions; Federal Agricultural Mortgage Corporation Governance; Federal Agricultural Mortgage Corporation Risk Management; Federal Agricultural Mortgage Corporation Disclosure and Reporting; Farmer Mac Corporate Governance and Standards of Conduct”
12 CFR Parts 650, 651, 653, and 655
RIN 3052-AC89, March 26, 2015

Dear Ms. Rea:

Zions Bancorporation, along with two of its wholly owned subsidiaries, Zions First National Bank and National Bank of Arizona (collectively, “Zions”), is pleased to respond to the request for public comment on the proposed rule (the “Proposed Rule”) published by the Farm Credit Administration (the “FCA”) regarding regulations related to the Federal Agricultural Mortgage Corporation’s (“Farmer Mac”) board governance and standards of conduct, among other items. As you may know, Zions comprises the largest voting stockholder of Farmer Mac, with holdings of 322,100 shares of Farmer Mac’s Class A voting common stock (approximately 31% of Farmer Mac’s outstanding Class A voting common stock and approximately 21% of all of Farmer Mac’s voting common stock). Our comments focus on the portions of the Proposed Rule related to director nominations and elections and director representational and fiduciary duties.

Farmer Mac Director Nomination and Election Process

As the largest holder of Farmer Mac’s voting common stock, Zions has a unique perspective on Farmer Mac’s board governance. Based on our long experience as a significant holder of Farmer Mac’s voting common stock, dating back to Farmer Mac’s early years, we believe that Farmer Mac’s current director nomination and election process, which was enhanced in the past few years consistent with corporate governance best practices for publicly-traded companies, has been properly designed and implemented. Farmer Mac’s advance notice provisions ensure both transparency to stockholders and a standardized and efficient means by which stockholders may

nominate directors. The Proposed Rule does not identify any specific aspects of Farmer Mac's current director nomination and election process that have been deficient in ensuring a fair and impartial election process or that present a risk to Farmer Mac's safety and soundness. As discussed in more detail below, we believe that the Proposed Rule's requirement in Section 651.30 and its related commentary that director candidates have an "official" or "recognized" affiliation or a "close" or "substantial and visible" relationship with one of Farmer Mac's Class A or Class B stockholders could have an effect opposite to what was intended by the FCA -- the promotion of an inclusive and fair nomination process and diversified board. We therefore do not believe that any new regulations in the area of Farmer Mac's board governance prescribing the details of Farmer Mac's nominating procedures, the role of Farmer Mac's directors in the nominating process, or other director nomination and election criteria are warranted.

Zions is a publicly-traded corporation registered with the U.S. Securities and Exchange Commission and also subject to the requirements of two national securities exchanges, specifically the NASDAQ Global Select Market and the New York Stock Exchange. Accordingly, we are particularly aware of best practices in the corporate governance arena, including the importance of maintaining a manageable and transparent process by which our stockholders may properly bring business before our annual meeting of stockholders. To that end, we adopted advance notice provisions for stockholder director nominations and proposals in the early 2000s, which our stockholders have utilized over the years in submitting various proposals for a stockholder vote. We therefore welcomed Farmer Mac's efforts to upgrade and modernize its director nomination and election process to conform to best practices. The advance notice provisions that Farmer Mac and a vast majority of other publicly-traded companies, including Zions, have adopted related to stockholder director nominations require that the nominating stockholder provide adequate information on both the stockholder itself and the director nominee so that the boards of those companies may make well-informed and reasoned decisions regarding the nomination of individuals best qualified to serve on their boards. The Proposed Rule fails to explicitly state whether Farmer Mac's advance notice provisions satisfy the requirement in Section 651.30(a) that Farmer Mac administer its nomination policies and procedures in a fair and impartial manner, though the related commentary states that the FCA's intent is to "facilitate the establishment of nomination procedures that provide reasonable assurance of an inclusive and fair process as potential directors are considered for nomination." We believe that Farmer Mac's advance notice provisions do comply with the requirement in Section 651.30(a) because these provisions provide an equal opportunity to all voting stockholders to present a director nominee for consideration by the Farmer Mac board and consequently facilitate an inclusive and fair director election process.

Section 651.30(b)(3) of the Proposed Rule would require that a director candidate receive affirmative votes for nomination from a majority of those representing the same class of stockholders. Assuming that the Farmer Mac board is ultimately responsible for nominating all directors, each Class A and Class B director would require the affirmative vote of at least three other directors of the same class to be nominated. As you know, Farmer Mac's statutory charter limits the amount of Class A voting common stock that may be owned by an eligible holder to no

more than 33% of the outstanding shares of Class A voting common stock, though it contains no limitations on the maximum number or percentage of outstanding shares of Class B voting common stock that may be held by an eligible holder. The limit on the ownership of Class A voting common stock serves as a natural check to any Class A holder seeking to concentrate its power on Farmer Mac's board. In contrast, Farmer Mac's statutory charter does not restrict a Class B holder from so doing, so it may increase its Class B stock ownership (and thus gain additional Class B voting power) through purchase or by merger. Theoretically, a Class B holder could acquire enough shares to elect three of Farmer Mac's five Class B directors, which effectively would allow that holder to control all five Class B director positions if Section 651.30(b)(3) of the Proposed Rule is implemented without revision. The Proposed Rule offers no rationale as to why the FCA seeks to further concentrate power in the hands of a few Class B stockholders that may or may not represent the views of other smaller Class B stockholders. Instead of facilitating an inclusive and fair process through which the most qualified directors are elected to sit on Farmer Mac's board, the Proposed Rule promotes factionalism both between classes and even within classes, neither of which were likely to have been intended by the FCA.

Farmer Mac's existing Corporate Governance Committee structure through which the director nomination process is primarily conducted appropriately promotes the representative character of the director nomination process by including individuals from different perspectives, which effectively assists in furthering Farmer Mac's public mission. For as long as Zions has been a stockholder of Farmer Mac, it has never encountered difficulties with Farmer Mac's director nomination process, which has been overseen by Farmer Mac's Corporate Governance Committee, and Zions fully supports the enhancements Farmer Mac has made to the director nomination process to ensure an equal opportunity is available in representing all of Farmer Mac's stockholders. Additionally, the inclusion of appointed members in Farmer Mac's director nomination process ensures that the appropriate accountability, balance, and oversight exist with regard to advancing Farmer Mac's public mission. This structure prevents any Class A or Class B stockholder from narrowly focusing the direction of Farmer Mac's operations and business towards activities that would significantly benefit the constituents of one class over the other. For all of these reasons, we believe that Section 651.30(b)(3) should be eliminated entirely from any final rule that the FCA adopts related to Farmer Mac's director nominations and elections, and we request that the FCA refrain from adopting regulations that impact the current structure and procedures related to director nominations of Farmer Mac's Corporate Governance Committee.

Director Representational and Fiduciary Duties

Zions also has a unique perspective on the functioning of Farmer Mac's board as a whole, as David Hemingway (the undersigned on behalf of Zions) served as a director of Farmer Mac from 1996 to 2004. As a result of Mr. Hemingway's service as a Farmer Mac director, Zions appreciates that the distinctive structure of Farmer Mac's board – with two classes of its voting common stock each electing one-third of the board and the other one-third being filled by directors appointed by the President of the United States – allows collaboration between traditional competitors to further Farmer Mac's public mission and the common goal of

financing rural America.

Because of Zions' unique perspective on Farmer Mac's board governance, we question the need for Section 651.30 of the Proposed Rule, which requires both Farmer Mac to acknowledge and respect the "elected director representational affiliations" and director candidates to have a "recognized affiliation or relationship with their respective class of voting stockholders at the time of nomination and election" to Farmer Mac's board. A "representational" affiliation or relationship in our view signifies the ability of Farmer Mac's voting common stockholders to elect to Farmer Mac's board those individuals with the good judgment and relevant knowledge, skills, and experience needed to serve as an effective director. It is these considerations, rather than any "official" affiliation between a director and one of Farmer Mac's voting stockholders, that helps to ensure that distinct perspectives are brought before Farmer Mac's board for consideration in an effort to ultimately lead to a consensus on what is in Farmer Mac's best interests and how to best promote Farmer Mac's public mission. Indeed, Zions considers all of the Farmer Mac directors it has voted for through the years as appropriate "representatives" of the Class A stockholders, including the two individuals that Zions first nominated in 2008 and has consistently supported since then even though both individuals have no "official" affiliation with Zions.

It is worth noting that one of the reasons that Mr. Hemingway decided not to seek re-election to the Farmer Mac board in 2004 is precisely because he had an "official" relationship with Zions, as he had served in various executive management positions at Zions during his tenure on Farmer Mac's board. Due to Zions' significant business relationship with Farmer Mac, in addition to Zions being Farmer Mac's largest voting stockholder, Mr. Hemingway eventually came to consider his positions at Zions and on Farmer Mac's board as raising too many questions about potential conflicts of interest. Mr. Hemingway believed that the Farmer Mac board should not have to spend its valuable resources each time it took an action that could possibly affect Farmer Mac's relationship with Zions to determine whether he was acting in the best interests of Farmer Mac or whether an actual conflict existed.

Since Mr. Hemingway left Farmer Mac's board, Zions has been directly responsible for electing members to Farmer Mac's board as the largest Class A stockholder, but Zions has not recommended or nominated any individuals with an official affiliation with Zions. This has been the case so that Zions can specifically avoid the presumed conflicts raised by having someone in an official capacity at Zions also serve on Farmer Mac's board. It is therefore unsettling that the Proposed Rule would now require Zions to either have one of its employees or directors or an individual with whom Zions must manufacture an "official" arrangement sit on Farmer Mac's board. Regardless of whether a voting common stockholder is a business partner of Farmer Mac or views Farmer Mac as a threat by helping competitors, Zions believes that requiring a director candidate to have an "official" affiliation with such a stockholder of his or her respective class will present needless complexities to the operations of Farmer Mac's board and divert its time away from overseeing Farmer Mac's business. In Zions' view, the Proposed Rule in its current form could undo the progress that has been made in Farmer Mac's board governance over the course of its history.

Section 651.40 of the Proposed Rule generally describes the fiduciary duties that a Farmer Mac director must uphold. Section 651.40(d) of the Proposed Rule specifically disallows Farmer Mac from implementing confidentiality agreements or policies or procedures that would prohibit a director from “publicly or privately commenting orally or in writing on non-private or non-privileged corporate business and related matters,” while Section 651.24(c) of the Proposed Rule states that “except in the performance of official duties, no [Farmer Mac] director shall divulge or use any fact, information, or document that is acquired by virtue of serving on the [Farmer Mac] board and not generally available to the public.”

As a threshold matter, Zions strongly believes that the dialogue between Farmer Mac’s directors regarding important business and competitive matters should remain within the confines of the Farmer Mac boardroom. Indeed, the communication of non-public or competitively sensitive information by a director with selected stockholders in the name of “transparency” to the stockholders represented would not only be ethically and legally questionable, but would also inevitably chill discussions among the board members. Any discouragement of open and honest dialogue between Farmer Mac’s board members would most certainly be detrimental to the fulfillment of Farmer Mac’s public mission.

Furthermore, neither Section 651.40(d) of the Proposed Rule nor its related commentary specifies what types of information “non-private or non-privileged corporate business and related matters” could encompass or in which types of “official duties” a director would be engaged when divulging or using non-public information about Farmer Mac. As a publicly-traded corporation, Zions takes its obligations under the federal securities laws very seriously and would want to ensure that Farmer Mac does as well. While Section 651.40(d) does provide that directors are not exempt from following relevant securities laws, the muddled standard that the FCA proposes to codify could put a Farmer Mac director and its supporting stockholder in a precarious position under the federal securities laws. Specifically, if a director elected by Zions mistakenly believed that information shared with Zions could be considered a non-private or non-privileged corporate business matter, and it turned out that such information was actually “material non-public information,” as is common parlance under the federal securities laws, each of Farmer Mac, the director, and Zions would be implicated under the federal securities laws. This is not a position in which Zions would like to sit.

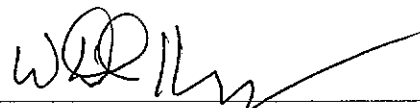
Zions does not believe that a director’s “representative” relationship with a voting stockholder or a voting class of Farmer Mac’s common stock requires that the voting stockholder or such class should be privy to information to which not all other stockholders of Farmer Mac, whether voting or non-voting, are privy. Zions certainly does not expect to receive any special or favorable treatment or information from any director it supports by virtue of its status as Farmer Mac’s largest stockholder, as this might implicate the federal securities laws and violate the director’s fiduciary duties to Farmer Mac. Zions agrees with the processes that Farmer Mac currently has in place to protect its directors (and consequently, their supporting stockholders) from violating their fiduciary duties or from liability under the federal securities laws. Specifically, Zions has supported the various safeguards, including confidentiality agreements

and prospective director agreements, that Farmer Mac has adopted over the past few years to ensure that Farmer Mac's proprietary information remains secure and confidential and that its directors fully comply with their fiduciary duties in line with well-established principles of corporate law. Therefore, it remains unclear to Zions as to why Section 651.40(d) of the Proposed Rule is necessary given that it injects significant uncertainty into a director's obligations with regard to Farmer Mac's information.

We believe that Farmer Mac's current board governance structure is well-matched to meet the objectives of furthering Farmer Mac's public mission, and we do not believe that the FCA, through the Proposed Rule, should consider changes to Farmer Mac's director elections and nomination process or prescribe how Farmer Mac directors should fulfill their fiduciary duties to Farmer Mac. We appreciate this opportunity to provide our insight on the matters being considered by the FCA related to Farmer Mac's governance structure and standards of conduct, and we ask that the FCA consider our viewpoint before adopting any rules on these matters.

Very truly yours,

ZIONS BANCORPORATION

By 
W. David Hemingway
Executive Vice President
and Chief Investment Officer